



# ***California Update***



California NGV Coalition  
&  
California NGV Partnership  
April 14, 2004

**California Natural Gas Vehicle Coalition**



# Goal

- ▶ Build a sustainable future for natural gas as a transportation fuel
  - ▶ Define sustainability for each stakeholder
  - ▶ Define actions needed to achieve
- ▶ Position the NGV industry in the “path to hydrogen” debate



# NGV Stakeholders

- ▶ OEMs
  - ▶ LD OEMs (Honda, Ford, GM, Chrysler)
  - ▶ HD Engines (CWI, John Deere, CAP/CAT, Mack, DDC)
  - ▶ Vehicle packagers ???
  - ▶ Conversion Industry (BAF Technologies)
- ▶ Utilities
  - ▶ PG&E
  - ▶ Sempra Utilities



# NGV Stakeholders (cont.)

- ▶ Fuel Providers
  - ▶ Clean Energy
  - ▶ Pinnacle CNG
  - ▶ ALT
  - ▶ Trillium
  - ▶ Hanover



# NGV Stakeholders (cont.)

## ► Others

- Air Pollution Control Districts
- California Agencies (CEC, CARB, CalEPA)
- Federal Agencies (DOE, NREL, EPA)
- Equipment Suppliers
- Fleets
- Cities and Municipalities
- Environmental Community



# Markets

- ▶ Transit\*
- ▶ Refuse\*
- ▶ Class 8\*
- ▶ Delivery
- ▶ School buses
- ▶ Shuttle buses\*
- ▶ Street sweepers
- ▶ Taxis\*
- ▶ Municipal fleets
- ▶ Police fleets\*
- ▶ Passenger cars, trucks & vans\*



Denotes markets where there are significant issues



# Product Issues

- ▶ Ford announcement to drop NGVs
  - ▶ Taxi market
  - ▶ Shuttle
  - ▶ Municipal fleet
- ▶ BAF Technologies ability to pick up Ford product line
  - ▶ Availability of gas ready engine
- ▶ Small Automotive Manufacturing
- ▶ Other LD OEMs at risk?



## Product Issues (cont.)

- ▶ Cummins Westport decision to not introduce ISX engine
- ▶ Problems with CAP/CAT refuse trucks
- ▶ CAP/CAT release of C13 engine
- ▶ DDC statement that they will not produce natural gas engine in 2007
- ▶ Vehicle integration
- ▶ Mack





# OEM Needs

- ▶ Sales to support
  - ▶ manufacturing
  - ▶ new product development
  - ▶ product expansion
- ▶ Pursue the politically correct opportunities



# Infrastructure Issues

- ▶ LNG availability
- ▶ Fuel provider consolidation
- ▶ Universal access
- ▶ Hours of operation
- ▶ Potential loss of Fleet Star stations
- ▶ Launch of FuelMaker



# Fuel Providers Need

- ▶ Throughput
  - ▶ make existing stations profitable
  - ▶ warrant capitalization of new stations
- ▶ New engine/vehicle products to expand market



# Opportunities

- ▶ CARB Transit Rule Revisions
- ▶ New Administration in Sacramento
  - ▶ Positive environmental agenda
  - ▶ “Hydrogen Highway”
- ▶ Greenhouse Gas Legislation AB 1493
- ▶ Petroleum dependence/alt fuel
- ▶ Clean air initiatives
- ▶ State CLEAR Act



# CARB Transit Rule

- ▶ Adopt dual path rule for transit in 2000
  - ▶ alt fuels or diesel
  - ▶ 50% of state on diesel path
- ▶ Diesel manufacturers
  - ▶ 2004-2006 standard (0.5 gram) won't be met
  - ▶ Option of NOX and PM control on engines not met
  - ▶ 2007 standard (0.2 grams) won't be met until 2010
- ▶ Alt Fuel Standards
  - ▶ 2.4 gram until 2007
  - ▶ 0.2 gram in 2007



# Industry Recommendations

- ▶ Alternative fuel has exceeded standards
- ▶ Alternative fuel will meet 2007 standards (0.2 gram)
- ▶ Eliminate diesel path (failure to comply)
- ▶ All transit properties be placed on alternative fuel path



# Next Steps for Transit Rule

- ▶ Provide written comments on workshop proposals
- ▶ Identify supporters
- ▶ Brief ARB Board Members of advantages of eliminating diesel path
- ▶ Comment on final Staff Report (due out in early May)
- ▶ Participate and testify at ARB Board meeting in June



# Changes in Sacramento

- ▶ Governor has positive environmental agenda
- ▶ Has appointed Terry Tammenin as Secretary of CalEPA
- ▶ Belief that environmental interests in California don't have to be sacrificed for business growth





# “Hydrogen Highway”

- ▶ Initiative from the Governor’s office this month
- ▶ Program to come from CalEPA (not CEC)
- ▶ Build 100-200 hydrogen fuel stations on California highways
- ▶ Workshops to define how this gets done
- ▶ Opportunity for lessons learned from natural gas market to be included
- ▶ Opportunity for natural gas industry to play a role
- ▶ Hydrogen to see the problems of infrastructure expansion, throughput, and vehicle availability



# Greenhouse Gas Legislation -- AB 1493

- ▶ Legislation mandates rules to control green house gases (GHG)
- ▶ CARB authority for controlling GHG
- ▶ GHG doesn't necessarily mean efficiency
- ▶ Natural gas can make a positive contribution
- ▶ Alternative compliance strategy for manufacturers



# Air Pollution Control Districts

- ▶ Viable transportation programs to achieve clean air goals
- ▶ Transportation initiatives to address health risks (PM)
- ▶ Transportation initiatives to address Environmental Justice issues



# Petroleum Dependence and Alternative Fuels

- ▶ Target energy security and fuel diversity for California
- ▶ Recommendations
  - ▶ Reduce petroleum use by 15% over 2003 levels
  - ▶ Increase alternative fuels by 30% by 2030
- ▶ What legislative mandate needed for state to pursue?
- ▶ How do regulatory agencies make this happen?



# Clean Air Initiatives

- ▶ Air quality initiatives dependent upon public funds – but state is broke
- ▶ Coalition investigating how big the cleanup needed to achieve SIP
- ▶ How much will it cost - \$ billions
- ▶ Potential funding through fees on gasoline and diesel
- ▶ Natural gas is one of compliance paths pushed by some APCDs



# Conclusions

- ▶ Exactly where we have always been!!
  - ▶ Good environmental message
  - ▶ Good energy security message
  - ▶ Many obstacles
  - ▶ New opportunities
- ▶ Running out of time? (TBD)